



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
Priority Health Government Programs

NAIC Group Code	3383 <small>(Current Period)</small>	0000 <small>(Prior Period)</small>	NAIC Company Code	11520	Employer's ID Number	32-0016523
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Dental Service Corporation []	
	Vision Service Corporation []		Other []		Health Maintenance Organization [X]	
	Hospital, Medical & Dental Service or Indemnity []		Is HMO, Federally Qualified? Yes [] No [X]			
Incorporated	06/03/2002		Commenced Business		10/01/2002	
Statutory Home Office	1231 East Beltline NE <small>(Street and Number)</small>			Grand Rapids, MI 49525-4501 <small>(City or Town, State and Zip Code)</small>		
Main Administrative Office	1231 East Beltline NE <small>(Street and Number)</small>			Grand Rapids, MI 49525-4501 <small>(City or Town, State and Zip Code)</small>		
	616-942-0954 <small>(Area Code) (Telephone Number)</small>					
Mail Address	1231 East Beltline NE <small>(Street and Number or P.O. Box)</small>			Grand Rapids, MI 49525-4501 <small>(City or Town, State and Zip Code)</small>		
Primary Location of Books and Records	1231 East Beltline NE <small>(Street and Number)</small>			Grand Rapids, MI 49525-4501 <small>(City or Town, State and Zip Code)</small>		
	616-464-8235 <small>(Area Code) (Telephone Number)</small>					
Internet Website Address	www.priority-health.com					
Statement Contact	Malcolm Hall <small>(Name)</small>			616-464-8235 <small>(Area Code) (Telephone Number) (Extension)</small>		
	malcolm.hall@priority-health.com <small>(E-mail Address)</small>			616-942-7916 <small>(FAX Number)</small>		
Policyowner Relations Contact	1231 East Beltline NE <small>(Street and Number)</small>			Grand Rapids, MI 49525-4501 <small>(City or Town, State and Zip Code)</small>		
	616-942-1221 <small>(Area Code) (Telephone Number) (Extension)</small>					

OFFICERS

Chief Executive Officer	Kimberly K Horn #	Chief Financial Officer	Dennis J Reese #
Secretary	Judith W Hooyenga #		

VICE PRESIDENTS

Dennis J Reese #	Judith W Hooyenga #	James F Byrne #
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DIRECTORS OR TRUSTEES

State of Michigan } ss
County of Kent }

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Kimberly K Horn Chief Executive Officer	Dennis J Reese Chief Financial Officer	Judith W Hooyenga Secretary
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Subscribed and sworn to before me this	a. Is this an original filing?	Yes [X] No []
28th day of February, 2003	b. If no	
	1. State the amendment number	
	2. Date filed	03/01/2003
	3. Number of pages attached	

Stacey Koning
Notary
08/26/2004

EXHIBIT 3 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Priority Health Government Programs

EXHIBIT 4 - HEALTH CARE RECEIVABLES

[illegible]

EXHIBIT 5 - CLAIMS PAYABLE (Reported and Unreported)

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Priority Health Government Programs

EXHIBIT 6 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Priority Health Government Programs

EXHIBIT 7 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

[illegible]

EXHIBIT 8 PART 1- SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total	3 Total Members Covered	4 Column 3 as a % of Total	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups .....	.0	.0 0		.0 0		
2. Intermediaries .....	.0	.0 0		.0 0		
3. All other providers	2, 108, 422	40.6	26, 205	100.0	2, 108, 422	
4. Total capitation payments	2, 108, 422	40.6	26, 205	100.0	2, 108, 422	.0
Other Payments:						
5. Fee-for-service	478,612	9.2	XXX	XXX		478,612
6. Contractual fee payments .....	.0	.0 0	XXX	XXX		
7. Bonus/withhold arrangements - fee-for-service	2,605,811	50.2	XXX	XXX	2,605,811	
8. Bonus/withhold arrangements - contractual fee payments .....	.0	.0 0	XXX	XXX	0	
9. Non-contingent salaries .....	.0	.0 0	XXX	XXX		
10. Aggregate cost arrangements .....	.0	.0 0	XXX	XXX		
11. All other payments .....	.0	.0 0	XXX	XXX		
12. Total other payments	3,084,423	59.4	XXX	XXX	2,605,811	478,612
13. TOTAL (Line 4 plus Line 12)	5,192,845	100 %	XXX	XXX	4,714,233	478,612

EXHIBIT 8 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

[illegible]

EXHIBIT 9 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Description	1	2	3	4	5	6
	Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1. Administrative furniture and equipment	NONE					
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment						
6. Total						



ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Priority Health Government Programs

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION		Priority Health Government Programs					2. DIVISION			
NAIC Group Code		3383	BUSINESS IN THE STATE OF Michigan			DURING THE YEAR 2002			(LOCATION)	
									NAIC Company Code	
									11520	
		1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9
			2	3						
		Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid
										10 Other
Total Members at end of:										
1. Prior Year		0								
2. First Quarter		0								
3. Second Quarter		0								
4. Third Quarter		0								
5. Current Year		22,202							21,225	977
6. Current Year Member Months		74,677							71,774	2,903
Total Member Ambulatory Encounters for Year:										
7. Physician		48,495							47,215	1,280
8. Non-Physician		0								
9. Total		48,495	0	0	0	0	0	0	47,215	1,280
10. Hospital Patient Days Incurred		1,961							1,940	21
11. Number of Inpatient Admissions		448							431	17
12. Premiums Collected		9,112,491							8,910,855	201,636
13. Premiums Earned		9,222,575							9,018,503	204,072
14. Amount Paid for Provision of Health Care Services		5,192,845							5,071,395	121,450
15. Amount Incurred for Provision of Health Care Services		8,286,426							8,168,556	117,870



ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Priority Health Government Programs

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION		Priority Health Government Programs					2. DIVISION		(LOCATION)	
NAIC Group Code	3383	BUSINESS IN THE STATE OF Consolidated			DURING THE YEAR 2002			NAIC Company Code		11520
	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	0	0	0	0	0	0	0	0	0	0
2. First Quarter	0	0	0	0	0	0	0	0	0	0
3. Second Quarter	0	0	0	0	0	0	0	0	0	0
4. Third Quarter	0	0	0	0	0	0	0	0	0	0
5. Current Year	22,202	0	0	0	0	0	0	0	21,225	977
6. Current Year Member Months	74,677	0	0	0	0	0	0	0	71,774	2,903
Total Member Ambulatory Encounters for Year:										
7. Physician	48,495	0	0	0	0	0	0	0	47,215	1,280
8. Non-Physician	0	0	0	0	0	0	0	0	0	0
9. Total	48,495	0	0	0	0	0	0	0	47,215	1,280
10. Hospital Patient Days Incurred	1,961	0	0	0	0	0	0	0	1,940	21
11. Number of Inpatient Admissions	448	0	0	0	0	0	0	0	431	17
12. Premiums Collected	9,112,491	0	0	0	0	0	0	0	8,910,855	201,636
13. Premiums Earned	9,222,575	0	0	0	0	0	0	0	9,018,503	204,072
14. Amount Paid for Provision of Health Care Services	5,192,845	0	0	0	0	0	0	0	5,071,395	121,450
15. Amount Incurred for Provision of Health Care Services	8,286,426	0	0	0	0	0	0	0	8,168,556	117,870

SCHEDULE A VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value, December 31, prior year (prior year statement).....
2.	Increase (decrease) by adjustment:
2.1	Totals, Part 1, Column 10
2.2	Totals, Part 3, Column 7
3.	Cost of acquired, (Totals, Part 2, Column 6, net of encumbrance, Column 7) and net of additions and permanent improvements (Column 9)
4.	Cost of additions and permanent improvements:
4.1	Totals, Part 1, Column 13.....
4.2	Totals, Part 3, Column 9
5.	Total profit (loss) on sales, Part 3, Column 14
6.	Increase (decrease) by foreign exchange adjustment:
6.1	Totals, Part 1, Column 11.....
6.2	Totals, Part 3, Column 8
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 12
8.	Book/adjusted carrying value at end of current period
9.	Total valuation allowance
10.	Subtotal (Lines 8 plus 9)
11.	Total nonadmitted amounts
12.	Statement value, current period (Page 2, real estate lines, current period)

SCHEDULE B VERIFICATION BETWEEN YEARS

1.	Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year
2.	Amount loaned during year:
2.1	Actual cost at time of acquisitions
2.2	Additional investment made after acquisitions
3.	Accrual of discount and mortgage interest points and commitment fees
4.	Increase (decrease) by adjustment
5.	Total profit (loss) on sale
6.	Amounts paid on account or in full during the year
7.	Amortization of premium
8.	Increase (decrease) by foreign exchange adjustment
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period
10.	Total valuation allowance
11.	Subtotal (Lines 9 plus 10)
12.	Total nonadmitted amounts
13.	Statement value of mortgages owned at end of current period

SCHEDULE BA VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year
2.	Cost of acquisitions during year:
2.1	Actual cost at time of acquisitions
2.2	Additional investment made after acquisitions
3.	Accrual of discount
4.	Increase (decrease) by adjustment
5.	Total profit (loss) on sale
6.	Amounts paid on account or in full during the year
7.	Amortization of premium
8.	Increase (decrease) by foreign exchange adjustment
9.	Book/adjusted carrying value of long-term invested assets at end of current period
10.	Total valuation allowance
11.	Subtotal (Lines 9 plus 10)
12.	Total nonadmitted amounts
13.	Statement value of long-term invested assets at end of current period

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Priority Health Government Programs

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Class 1		1,023,398				1,023,398	100.0	.0	.0	1,023,398	
1.2 Class 2 .....		.0				.0	.0	.0	.0		
1.3 Class 3 .....						.0	.0	.0	.0		
1.4 Class 4 .....						.0	.0	.0	.0		
1.5 Class 5 .....						.0	.0	.0	.0		
1.6 Class 6 .....						.0	.0	.0	.0		
1.7 Totals	0	1,023,398	0	0	0	1,023,398	100.0	0	0.0	1,023,398	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Class 1 .....						.0	.0	.0	.0		
2.2 Class 2 .....						.0	.0	.0	.0		
2.3 Class 3 .....						.0	.0	.0	.0		
2.4 Class 4 .....						.0	.0	.0	.0		
2.5 Class 5 .....						.0	.0	.0	.0		
2.6 Class 6 .....						.0	.0	.0	.0		
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1 Class 1 .....						.0	.0	.0	.0		
3.2 Class 2 .....						.0	.0	.0	.0		
3.3 Class 3 .....						.0	.0	.0	.0		
3.4 Class 4 .....						.0	.0	.0	.0		
3.5 Class 5 .....						.0	.0	.0	.0		
3.6 Class 6 .....						.0	.0	.0	.0		
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Class 1 .....						.0	.0	.0	.0		
4.2 Class 2 .....						.0	.0	.0	.0		
4.3 Class 3 .....						.0	.0	.0	.0		
4.4 Class 4 .....						.0	.0	.0	.0		
4.5 Class 5 .....						.0	.0	.0	.0		
4.6 Class 6 .....						.0	.0	.0	.0		
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Class 1 .....						.0	.0	.0	.0		
5.2 Class 2 .....						.0	.0	.0	.0		
5.3 Class 3 .....						.0	.0	.0	.0		
5.4 Class 4 .....						.0	.0	.0	.0		
5.5 Class 5 .....						.0	.0	.0	.0		
5.6 Class 6 .....						.0	.0	.0	.0		
5.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Priority Health Government Programs

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1 .....						.0	0.0	.0	0.0		
6.2 Class 2 .....						.0	0.0	.0	0.0		
6.3 Class 3 .....						.0	0.0	.0	0.0		
6.4 Class 4 .....						.0	0.0	.0	0.0		
6.5 Class 5 .....						.0	0.0	.0	0.0		
6.6 Class 6						0	0.0	0	0.0		
6.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1 .....						.0	0.0	.0	0.0		
7.2 Class 2 .....						.0	0.0	.0	0.0		
7.3 Class 3 .....						.0	0.0	.0	0.0		
7.4 Class 4 .....						.0	0.0	.0	0.0		
7.5 Class 5 .....						.0	0.0	.0	0.0		
7.6 Class 6						0	0.0	0	0.0		
7.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1 .....						.0	0.0	.0	0.0		
8.2 Class 2 .....						.0	0.0	.0	0.0		
8.3 Class 3 .....						.0	0.0	.0	0.0		
8.4 Class 4 .....						.0	0.0	.0	0.0		
8.5 Class 5 .....						.0	0.0	.0	0.0		
8.6 Class 6						0	0.0	0	0.0		
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 1 .....						.0	0.0	.0	0.0		
9.2 Class 2 .....						.0	0.0	.0	0.0		
9.3 Class 3 .....						.0	0.0	.0	0.0		
9.4 Class 4 .....						.0	0.0	.0	0.0		
9.5 Class 5 .....						.0	0.0	.0	0.0		
9.6 Class 6						0	0.0	0	0.0		
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Priority Health Government Programs

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

	1	2	3	4	5	6	7	8	9	10	11
Quality Rating per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1 .....	.0	1,023,398	.0	.0	.0	1,023,398	100.0	XXX.	XXX.	1,023,398	.0
10.2 Class 2 .....	.0	.0	.0	.0	.0	.0	0.0	XXX.	XXX.	.0	.0
10.3 Class 3 .....	.0	.0	.0	.0	.0	.0	0.0	XXX.	XXX.	.0	.0
10.4 Class 4 .....	.0	.0	.0	.0	.0	.0	0.0	XXX.	XXX.	.0	.0
10.5 Class 5 .....	.0	.0	.0	.0	.0	(c) .0	0.0	XXX.	XXX.	.0	.0
10.6 Class 6	0	0	0	0	0	(c) 0	0.0	XXX.	XXX.	0	0
10.7 Totals .....	.0	1,023,398	.0	.0	.0	(b) 1,023,398	100.0	XXX.	XXX.	1,023,398	.0
10.8 Line 10.7 as a % of Col. 6	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Class 1 .....	.0	.0	.0	.0	.0	XXX.	XXX.	.0	0.0	.0	.0
11.2 Class 2 .....	.0	.0	.0	.0	.0	XXX.	XXX.	.0	0.0	.0	.0
11.3 Class 3 .....	.0	.0	.0	.0	.0	XXX.	XXX.	.0	0.0	.0	.0
11.4 Class 4 .....	.0	.0	.0	.0	.0	XXX.	XXX.	.0	0.0	.0	.0
11.5 Class 5 .....	.0	.0	.0	.0	.0	XXX.	XXX.	(c) .0	0.0	.0	.0
11.6 Class 6	0	0	0	0	0	XXX.	XXX.	(c) .0	0.0	0	0
11.7 Totals .....	.0	.0	.0	.0	.0	XXX.	XXX.	(b) .0	0.0	.0	.0
11.8 Line 11.7 as a % of Col. 8	0.0	0.0	0.0	0.0	0.0	XXX	XXX	0.0	XXX	0.0	0.0
12. Total Publicly Traded Bonds											
12.1 Class 1		1,023,398				1,023,398	100.0	.0	0.0	1,023,398	XXX.
12.2 Class 2 .....						.0	0.0	.0	0.0	.0	XXX.
12.3 Class 3 .....						.0	0.0	.0	0.0	.0	XXX.
12.4 Class 4 .....						.0	0.0	.0	0.0	.0	XXX.
12.5 Class 5 .....						.0	0.0	.0	0.0	.0	XXX.
12.6 Class 6						0	0.0	0	0.0	0	XXX.
12.7 Totals .....	.0	1,023,398	.0	.0	.0	1,023,398	100.0	.0	0.0	1,023,398	XXX.
12.8 Line 12.7 as a % of Col. 6	0.0	100.0	0.0	0.0	0.0	100.0	XXX.	XXX.	XXX.	100.0	XXX.
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Class 1 .....						.0	0.0	.0	0.0	XXX.	.0
13.2 Class 2 .....						.0	0.0	.0	0.0	XXX.	.0
13.3 Class 3 .....						.0	0.0	.0	0.0	XXX.	.0
13.4 Class 4 .....						.0	0.0	.0	0.0	XXX.	.0
13.5 Class 5 .....						.0	0.0	.0	0.0	XXX.	.0
13.6 Class 6						0	0.0	0	0.0	XXX.	0
13.7 Totals .....	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX.	.0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX.	XXX.	XXX.	XXX.	.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

(a) Includes \$ freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b) Includes \$ current year, \$ prior year of bonds with Z designations and \$, current year, \$ prior year of bonds with Z* designations. The letter “Z” means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. “Z*” means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
(c) Includes \$ current year, \$ prior year of bonds with 5* designations and \$, current year, \$ prior year of bonds with 6* designations. “5*” means the NAIC designation was assigned by the SVO in reliance on the insurer’s certification that the issuer is current in all principal and interest payments. “6*” means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Priority Health Government Programs

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Issuer Obligations		1,023,398				1,023,398	100.0	.0	.0	1,023,398	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0		
1.7 Totals	0	1,023,398	0	0	0	1,023,398	100.0	0	0.0	1,023,398	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Issuer Obligations .....						.0	.0	.0	.0		
2.2 Single Class Mortgage-Backed/Asset-Backed Securities .....						.0	.0	.0	.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
2.3 Defined .....						.0	.0	.0	.0		
2.4 Other .....						.0	.0	.0	.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
2.5 Defined .....						.0	.0	.0	.0		
2.6 Other						0	0.0	0	0.0		
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories, and Possessions Guaranteed, Schedules D & DA (Group 3)											
3.1 Issuer Obligations .....						.0	.0	.0	.0		
3.2 Single Class Mortgage-Backed/Asset-Backed Securities .....						.0	.0	.0	.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
3.3 Defined .....						.0	.0	.0	.0		
3.4 Other .....						.0	.0	.0	.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
3.5 Defined .....						.0	.0	.0	.0		
3.6 Other						0	0.0	0	0.0		
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Issuer Obligations .....						.0	.0	.0	.0		
4.2 Single Class Mortgage-Backed/Asset-Backed Securities .....						.0	.0	.0	.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
4.3 Defined .....						.0	.0	.0	.0		
4.4 Other .....						.0	.0	.0	.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
4.5 Defined .....						.0	.0	.0	.0		
4.6 Other						0	0.0	0	0.0		
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Issuer Obligations .....						.0	.0	.0	.0		
5.2 Single Class Mortgage-Backed/Asset-Backed Securities .....						.0	.0	.0	.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
5.3 Defined .....						.0	.0	.0	.0		
5.4 Other .....						.0	.0	.0	.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
5.5 Defined .....						.0	.0	.0	.0		
5.6 Other						0	0.0	0	0.0		
5.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Priority Health Government Programs

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations						0	0.0	0	0.0		
6.2 Single Class Mortgage-Backed/Asset-Based Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
6.3 Defined						0	0.0	0	0.0		
6.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
6.5 Defined						0	0.0	0	0.0		
6.6 Other						0	0.0	0	0.0		
6.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations						0	0.0	0	0.0		
7.2 Single Class Mortgage-Backed/Asset-Based Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
7.3 Defined						0	0.0	0	0.0		
7.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
7.5 Defined						0	0.0	0	0.0		
7.6 Other						0	0.0	0	0.0		
7.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations						0	0.0	0	0.0		
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parents, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations						0	0.0	0	0.0		
9.2 Single Class Mortgage-Backed/Asset-Based Securities						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
9.3 Defined						0	0.0	0	0.0		
9.4 Other						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
9.5 Defined						0	0.0	0	0.0		
9.6 Other						0	0.0	0	0.0		
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Priority Health Government Programs

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	0	1,023,398	0	0	0	1,023,398	100.0	XXX	XXX	1,023,398	0
10.2 Single Class Mortgage-Backed/Asset-Backed Bonds	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
10.3 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.4 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
10.5 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.6 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.7 Totals	0	1,023,398	0	0	0	1,023,398	100.0	XXX	XXX	1,023,398	0
10.8 Line 10.7 as a % of Col. 6	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Issuer Obligations	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.2 Single Class Mortgage-Backed/Asset-Backed Bonds	0	0	0	0	0	XXX	XXX	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
11.3 Defined	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.4 Other	0	0	0	0	0	XXX	XXX	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
11.5 Defined	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.6 Other	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.7 Totals	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.8 Line 11.7 as a % of Col. 8	0.0	0.0	0.0	0.0	0.0	XXX	XXX	0.0	XXX	0.0	0.0
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations		1,023,398				1,023,398	100.0	0	0.0	1,023,398	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Bonds						0	0.0	0	0.0	0	XXX
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
12.3 Defined						0	0.0	0	0.0	0	XXX
12.4 Other						0	0.0	0	0.0	0	XXX
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
12.5 Defined						0	0.0	0	0.0	0	XXX
12.6 Other						0	0.0	0	0.0	0	XXX
12.7 Totals	0	1,023,398	0	0	0	1,023,398	100.0	0	0.0	1,023,398	XXX
12.8 Line 12.7 as a % of Col. 6	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations						0	0.0	0	0.0	XXX	0
13.2 Single Class Mortgage-Backed/Asset-Backed Bonds						0	0.0	0	0.0	XXX	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
13.3 Defined						0	0.0	0	0.0	XXX	0
13.4 Other						0	0.0	0	0.0	XXX	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
13.5 Defined						0	0.0	0	0.0	XXX	0
13.6 Other						0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

Schedule DA - Part 2

NONE

Schedule DB - Part A - VBY

NONE

Schedule DB - Part B - VBY

NONE

Schedule DB - Part C - VBY

NONE

Schedule DB - Part D - VBY

NONE

Schedule DB - Part E - VBY

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule S - Part 1 - Section 2

NONE

Schedule S - Part 2

NONE

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Priority Health Government Programs

SCHEDULE S - PART 4

Reinsurance Ceded to Unauthorized Companies

[illegible]

Schedule S-Part 5
Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2002	2 2001	3 2000	4 1999	5 1998
A. OPERATIONS ITEMS					
1. Premiums.....	1	.0	.0	.0	.0
2. Title XVIII-Medicare.....	0	.0	.0	.0	.0
3. Title XIX-Medicaid.....	19	.0	.0	.0	.0
4. Commissions and reinsurance expense allowance.....		.0	.0	.0	.0
5. Total medical and hospital expenses.....		.0	.0	.0	.0
B. BALANCE SHEET ITEMS					
6. Premiums receivable .....		.0	.0	.0	.0
7. Claims payable.....		.0	.0	.0	.0
8. Reinsurance recoverable on paid losses.....	0	.0	.0	.0	.0
9. Experience rating refunds due or unpaid.....		.0	.0	.0	.0
10. Commissions and reinsurance expense allowances unpaid.....		.0	.0	.0	.0
11. Unauthorized reinsurance offset.....	0	.0	.0	.0	.0
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F).....	0	.0	.0	.0	.0
13. Letters of credit (L).....	0	.0	.0	.0	.0
14. Trust agreements (T).....	0	.0	.0	.0	.0
15. Other (O)	0	.0	.0	.0	.0

SCHEDULE S-PART 6
Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1	2	3
	As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 9)	7,479,742		7,479,742
2. Amounts recoverable from reinsurers (Line 12)	0		0
3. Accident and health premiums due and unpaid (Line 10).....	110,084		110,084
4. Net credit for ceded reinsurance.....	XXX	0	0
5. All other admitted assets (Balance).....	1,072,409		1,072,409
6. Total assets (Line 23)	8,662,235	0	8,662,235
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1).....	3,077,974	0	3,077,974
8. Accrued medical incentive pool and bonus payments (Line 2).....	7,338		7,338
9. Premiums received in advance (Line 6).....	0		0
10. Reinsurance in unauthorized companies (Line 14).....	0		0
11. All other liabilities (Balance).....	2,056,173		2,056,173
12. Total liabilities (Line 18).....	5,141,485	0	5,141,485
13. Total capital and surplus (Line 26).....	3,520,750	XXX	3,520,750
14. Total liabilities, capital and surplus (Line 27)	8,662,235	0	8,662,235
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid.....	0		
16. Accrued medical incentive pool.....	0		
17. Premiums received in advance	0		
18. Reinsurance recoverable on paid losses	0		
19. Other ceded reinsurance recoverables	0		
20. Total ceded reinsurance recoverables	0		
21. Premiums receivable	0		
22. Unauthorized reinsurance	0		
23. Other ceded reinsurance payables/offsets	0		
24. Total ceded reinsurance payable/offsets	0		
25. Total net credit for ceded reinsurance	0		

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PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

[illegible]

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

1.

Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?.....

Yes [☐] No [☒]
2.

Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?.....

Yes [☒] No [☐]
3.

Will an actuarial certification be filed by March 1?.....

Yes [☒] No [☐]
4.

Will the Risk-based Capital Report be filed with the NAIC by March 1?.....

Yes [☒] No [☐]
5.

Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?.....

Yes [☒] No [☐]
6.

Will the SVO Compliance Certification be filed by March 1?

Yes [☒] No [☐]

APRIL FILING

7.

Will Management's Discussion and Analysis be filed by April 1?.....

Yes [☒] No [☐]
8.

Will the Long-term Care Experience Reporting Forms be filed with the state of domicile by April 1?.....

Yes [☐] No [☒]
9.

Will the Investment Risks Interrogatories be filed by April 1?

Yes [☒] No [☐]

JUNE FILING

10.

Will an audited financial report be filed by June 1 with the state of domicile?

Yes [☒] No [☐]

EXPLANATIONS:

BAR CODE:

1.


1 1 5 2 0 2 0 0 2 3 6 0 5 8 0 0 0

8.


1 1 5 2 0 2 0 0 2 3 3 0 5 8 0 0 0

OVERFLOW PAGE FOR WRITE-INS